

MINUTES OF THE REGULAR MEETING
OF THE BOARD OF DIRECTORS
OF THE BETHLEHEM AUTHORITY

The regular meeting of the Board of Directors of the Bethlehem Authority (Authority) was held on June 12, 2014 in Room B504, City Administration Building, 10 E. Church Street, Bethlehem, PA and called to order at 4:00 PM by Mr. Vaughn Gower, Chairman. Also in attendance were:

- Mr. John Tallarico, Vice Chairman
- Mr. Mark Jobes, Treasurer
- Mr. John Abel, Assistant Secretary/Treasurer
- Mr. James Broughal, Esq., Solicitor
- Mr. John Filipos, CPA, Controller
- Mr. Stephen Repasch, Executive Director
- Ms. Sandra Reppert, Administrative Assistant
- Mr. Daniel Meixell, Special Police Officer

APPROVAL OF MINUTES

J. Abel moved and J. Tallarico seconded to approve the minutes from the regular meeting held May 8, 2014. Motion passed unanimously.

RECOGNITION OF VISITORS

- Mr. Stephen Antalics, Bethlehem citizen
- Mr. Nate Jastremski, Bethlehem Press
- Ms. Lynn Olanoff, The Express Times
- Mr. Gene Auman, City of Bethlehem Deputy Controller
- Mr. Ed Boscola, City of Bethlehem Director of Water and Sewer Resources
- Mr. Ron Madison, Consultant
- Mr. David Brong, City of Bethlehem Business Administrator

COURTESY OF THE FLOOR

J. Abel said the snowshoe hare study being conducted in the Authority's watershed that was reported in The Morning Call was an excellent article.

CHAIRMAN

Financial and Refinancing Issues. V. Gower discussed and reviewed the five-year financial plan for City's Water Fund, which assumes refinancing debt to help improve capital funding possibilities – a water rate increase, using excess BRIF funds, and the City establishing another line of credit in 2015. He feels the assumptions and analyses produce a good plan. Refinancing now would be worth \$6 to \$7 million net present value savings, or 6% of the total refinanced debt.

D. Brong added the City's General Fund is being modeled as well, with initiatives planned for the next five to seven years. It was presented to the Mayor's Financial Advisory Committee today. The next step is for representatives from the City and the Authority, including the financial advisors, to meet next week for further discussions, agree on the approach and move forward

V. Gower pointed out there is roughly \$100 million debt and in 14 years it will be paid off. The debt has been compressed into such a short period of time, which is why it represents half of the Water Fund budget. This refinancing would lengthen the debt out to further years and provide initial relief.

The Authority Board is comfortable with the modeling and assumptions and supports the general approach and strategic financial plan to restructure the Water System debt.

EXECUTIVE DIRECTOR

Forest Management. S. Repasch reported the following:

- The Morning Call ran a story on June 7 about the snowshoe hare study in Long Pond. There were a lot of positive reviews.
- The Authority will be featured in the July issue of the Society of American Foresters magazine along with The Nature Conservancy (TNC) on the Working Woodlands Program.
- The University of Maryland has received a \$1.2 million grant from NASA to study tree carbon on vast areas of forestland. They have contacted TNC and Working Woodlands Program participants. The Authority might be contacted; it's all very preliminary. He will provide the Board with some articles about the study.
- The Hysie Gap Timber Sale is complete.

Stony Hollow Timber Sale. The Board's approval via email to award the Stony Hollow Timber Sale contract to Wagner Millworks, Owego, NY in the amount of \$34,026 needs to be ratified.

M. Jobes moved and J. Tallarico seconded to ratify the approval of the Stony Hollow Timber Sale contract as reported. Motion passed unanimously.

Keiper Fence Timber Sale. S. Repasch reported on the bid outcome for the Keiper Fence Timber Sale. Seven bids were received ranging from \$60,000 to \$150,000+. The highest bidder was Wagner Millworks in the amount of \$150,626. This is a long-term sale which must be completed by September, 2015. Payment for the sale is 30% on execution of a contract, 30% by the end of 2014 if timbering doesn't begin, and 40% at the start of timbering. He would like Board to award the timber sale to Wagner Millworks and to approve the timber sale agreement, subject to the review and approval of the Authority Solicitor.

J. Tallarico mentioned that the Authority's Forester has been doing restoration work when timber sales are retired. Since that work is the timber contractor's responsibility as indicated in the agreements, he would like our Forester to enforce that work.

J. Abel moved and M. Jobes seconded to award the timber sale contract and approve the timber sale agreement with Wagner Millwork as presented and discussed. Motion passed unanimously.

PA Heritage Survey. The Western PA Conservancy has been contracted by the PA National Heritage Program to inventory unique species in Monroe County. A large part of the two year study would take place on Authority property. They are requesting access to Authority property to conduct the flora and fauna inventory. The Solicitor suggested a hold harmless agreement and for the Authority to be named as an additional insured. The Conservancy agreed to those terms. The Solicitor will draft the hold harmless agreement. He recommended the Board approve the request. This study will enhance the studies currently being conducted in the watershed (snowshoe hare, gold wing warbler, prescribed burning).

J. Abel moved and J. Tallarico seconded to approve the Western PA Conservancy request as presented and discussed. Motion passed unanimously.

P3 Towers. P3 Towers, formerly Tower One, has been re-introduced to the Authority. They are a broker for marketing cell tower sites. They are interested in marketing three areas in the watershed (along Reservoir Road, along Stony Mountain Road, and near the Wild Creek office) and one in Lehigh County (reservoir behind St. Lukes Hospital). The Authority Solicitor cautioned that the option agreement P3 proposed gives them exclusive rites for three years, and 60% of revenues. Upon further discussion, the Board suggested that the Executive Director and Solicitor negotiate an agreement with P3 Towers that would include a larger percentage of revenue for the Authority.

Potential New Water Service Areas. S. Repasch reported that the City received a letter from the FedEx developer requesting water service from Bethlehem to the new FedEx facility proposed in Allen Township (there are other potential end-users in the area as well). The City will apply to the PUC to expand its territory. E. Boscola said the FedEx facility is in Northampton Borough Municipal Authority territory (NBMA). NBMA is proposing to split the territory (NBMA would serve to the west of Willowbrook Road and the City would serve to the east) under a cooperative agreement, and NBMA would withdraw any objections to the PUC on the City's expansion.

The City has applied to the PUC to expand into a portion of Lower Nazareth Township to serve the Pro Logis development (from Township Line Road east towards Dutch Springs along Hanoverville Road). This is Easton Suburban Water Authority (ESWA) territory, but they are agreeable to the City expansion. It is not convenient for ESWA to extend their distribution lines to serve the area.

2nd Quarter Income and Expense Projections. The 2nd Quarter Income and Expense Projections report that was previously circulated and filed was revised to reflect a change in the timber revenues. The total income from the Keiper Fence Timber Sale was included in the second quarter, which is not the case.

Expense Budget Comparative. The Expense Budget Comparative for the five months ended May 31, 2014 was circulated and filed.

CONTROLLER

J. Filipos's report for the month of May, 2014 was circulated and filed. He noted the following:

- The City sent in ~\$1 million and used Debt Service Reserve Fund investment credits of ~\$194,000 to pay the 2004 and 2010 bonds interest payments due in May. The City also paid the 5% coverage.
- There is a new page in the monthly report that lists the total outstanding debt.

Resolution 366. V. Gower presented Resolution 366 to the Board in the total amount of \$36,846.59 for the payment of administrative and professional expenses. This month's water capital expenses are being paid from the City's line of credit. Almost \$2.3 million of the original \$8.1 million remains on the line of credit.

M. Jobes moved and J. Tallarico seconded to approve Resolution 366 as presented. Motion passed unanimously.

SOLICITOR

J. Broughal reported that he will testify before the Northampton County Grand Jury about the Illicks Mill lease matter next Thursday.

There was no Consulting Engineer Report filed.

SPECIAL POLICE

D. Meixell's report for the month of June, 2014 was circulated and filed.

WATER REPORT

The Water Report was circulated and filed. The reservoirs are at 100% capacity.

CITY OF BETHLEHEM DIRECTOR OF WATER AND SEWER RESOURCES

E. Boscola's report on the Water Fund and Water Capital projects was circulated and filed. He reviewed the status of the projects planned for 2014 and reported on the financial condition of the Water Fund. The PUC rate settlement is anticipated in July and new rates would go into effect immediately, or soon thereafter. City Council will have to approve the water rates for City customers.

There was no Other Business or Courtesy of the Floor.

NEXT MEETING

The next Board meeting is scheduled for July 10, 2014.

ADJOURNMENT

J. Abel moved and M. Jobes seconded to adjourn the meeting. Motion passed unanimously and the meeting adjourned at 5:10 PM.

John H. Abel, Assistant Secretary